



**STATE OF TENNESSEE**  
**COMPTROLLER OF THE TREASURY**

State Capitol  
Nashville, Tennessee 37243-0260  
(615) 741-2501

John G. Morgan  
Comptroller

May 1, 2008

The Honorable Randy McNally, Chairman  
Senate Finance, Ways and Means Committee  
11 Legislative Plaza  
Nashville, Tennessee 37243  
and  
The Honorable Craig Fitzhugh, Chairman  
House Finance, Ways and Means Committee  
33 Legislative Plaza  
Nashville, Tennessee 37243

Dear Chairmen:

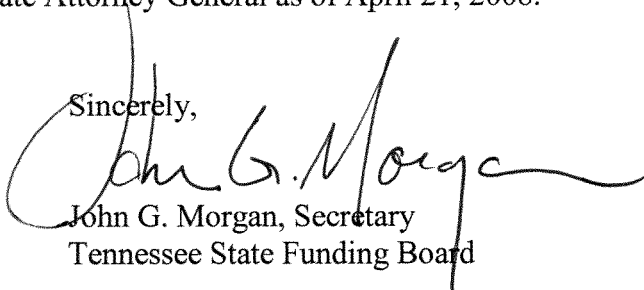
Pursuant to Section 9-4-5202, Tennessee Code Annotated, the State Funding Board secures a report of the estimated growth rate of the State's economy for the coming fiscal year from The University of Tennessee's Center for Business and Economic Research (CBER). A copy of this report dated April 29, 2008, is attached. This estimate is based on the projection of growth of personal income contained within the broader economic forecast derived from the Tennessee Econometric Model. A detailed discussion of the forecast is provided in the Economic Report to the Governor, dated January 2008. This report currently can be found on UT-CBER's website. [<http://cber.bus.utk.edu/erg/erg2008.pdf>]

The statute directs the Board to determine the reasonableness of the estimated growth rate. In order to reach a conclusion as to reasonableness, the Board met on April 29, 2008, to discuss the estimate and the economic forecast from which it was derived. The Board was assisted in the effort by a staff paper prepared by Mr. Kevin Krushenski, Principal Legislative Research Analyst, and by Mr. Keith Boring, Associate Legislative Research Analyst, with the Office of Research of the Comptroller of the Treasury. This staff analysis, attached for your information, compares gross domestic product estimates produced by CBER with the estimates produced by other economic forecasting agencies as well as evaluates current economic conditions and trends via outside forecasts. Dr. William Fox of CBER also attended the meeting. The staff analysis and Dr. Fox's report on the estimated growth rate currently can be found on the Comptroller's website under "Investor Information- Investor Updates-Fiscal Year 7/1/07-6/30/08". [<http://www.comptroller.state.tn.us/disclaimer.htm?t=ii/fiscal08.htm>]

After carefully reviewing the report and staff paper and discussing the forecast, the Board has directed me to convey to you our determination. Despite anticipating one or two years of slow economic growth, the Board finds that the estimate of growth rate in Tennessee nominal personal income determined at 4.56% does not appear unreasonable.

Also, attached is a list of state tax and non-tax revenue sources as approved by the State Attorney General as of April 21, 2008.

Sincerely,

A handwritten signature in black ink, appearing to read "John G. Morgan", with a long horizontal flourish extending to the right.

John G. Morgan, Secretary  
Tennessee State Funding Board

Attachments (3)  
JGM:avb